

North Yorkshire Council

Executive

22 August 2023

Early Years Supplementary Grant

Report of the Corporate Director - Children and Young People's Service

1.0 PURPOSE OF REPORT

- 1.1 This report provides an overview of the proposed operation of the Early Years Supplementary Grant which was announced by the Department for Education (DfE) on the 7 July 2023. The purpose of the grant is to increase the funding levels paid to the early years sector for the period September 2023 to March 2024. The Executive are asked to provide approval for the acceptance of the grant and to approve the proposed operation and payment of the grant within North Yorkshire.

2.0 BACKGROUND

- 2.1 In the Spring 2023 Budget, the Government announced planned funding increases, nationally, for early years provision for 3 and 4-year-olds (universal and extended entitlement) and disadvantaged 2-year-olds of £208m from September 2023 and a further £288m for 2024/25. The funding increases are in addition to the previous settlements for this period. The DfE indicated that further information on the funding increase for September 2023 would be published before the summer break. On the 7 July 2023, the DfE announced that the additional funding would be provided through the Early Years Supplementary Grant which would operate for the period 1 September 2023 to 31 March 2024. The DfE announcement provided details of the hourly funding rates payable to each local authority and guidance on how the DfE expect the grant to be utilised. However, the DfE have indicated that the grant conditions and the actual grant allocations for each local authority will not be published until September 2023. The 2024/25 additional funding will be included within the 2024/25 Early Years block of the Dedicated School Grant (DSG) funding allocation.

3.0 EARLY YEARS SUPPLEMENTARY GRANT

- 3.1 The DfE have confirmed the following additional funding hourly rates will be paid to North Yorkshire Council through the Early Years Supplementary Grant which will operate for the period 1 September to 31 March 2024:

	Early Years Supplementary Grant
Disadvantaged 2-Year-Olds	£1.85 / hour
3 & 4-Year Olds (Universal & Extended Entitlement)	£0.33 / hour
Early Years Pupil Premium	£0.04 / hour
Disability Access Funding	£53 / eligible child (£30.92 part year)
Maintained Nursery School Supplementary Grant	£0.21 / hour

- 3.2 The effective combined early years funding rates received by the local authority from the DfE after receipt of the Early Years Supplementary Grant are as follows:

	Effective Combined Local Authority Early Years Funding Rates	
	North Yorkshire	National Average
Disadvantaged 2-Year-Olds	£7.55 / hour	£7.95 / hour
3 & 4-Year Olds (Universal & Extended Entitlement)	£5.20 / hour*	£5.62 / hour
Early Years Pupil Premium	£0.66 / hour	£0.66 / hour
Disability Access Funding	£881 / eligible child	£881 / eligible child
Maintained Nursery School Supplementary Grant	£4.01 / hour*	£4.63 / hour

*North Yorkshire Council receives funding at the national floor level

The table provides details of the effective combined national average local authority early years funding levels for comparison to the North Yorkshire local authority early years funding rates. The effective combined local authority early years funding rates received by North Yorkshire for 3 & 4-year-olds and the maintained nursery school supplementary funding grant remain at the national floor level.

- 3.3 The DfE have stated that the grant conditions for the Early Years Supplementary Grant will not be published until September 2023. However, the DfE have stated that their intention is that local authorities must pass on the Early Years Supplementary Funding Grant, in full, to early years providers for each of the funding streams. The Department have also said that, to ensure that payments to providers can be made promptly, local authorities are not required to consult their schools' forum, but local authorities are encouraged to engage appropriately with their early years' providers about the funding amounts from September.
- 3.4 Initial local authority Early Years Supplementary Grant funding allocations will be based on the early years' hours data recorded on the January 2023 early years, schools and alternative provision censuses. The local authority will receive the Early Years Supplementary Grant Funding initial allocation in September 2023. The DfE intend to make an adjustment to the initial funding received to reflect the actual numbers of children taking up the entitlements as recorded on the January 2024 censuses (as per the arrangement for the adjustment of the Early Years Dedicated Schools Grant (DSG) funding). The funding adjustment will be made to the local authority's funding payments in Summer 2024.
- 3.5 For the 2024/25 financial year, the additional £288 million will be allocated to local authorities through the Early Years' DSG. The local authority early years hourly funding rates for the 2024/25 financial year will be announced by the DfE through the annual DSG funding announcement in late Autumn 2023.

4.0 PROPOSED OPERATION OF THE EARLY YEARS SUPPLEMENTARY GRANT WITHIN NORTH YORKSHIRE

- 4.1 Based on the funding information released by the DfE in respect of the Early Years Supplementary Grant to date, the local authority estimates the value of the initial grant funding to be approx. £1.8m; this amount will be subject to adjustment to reflect the early years hours recorded on the January 2024 pupil census.
- 4.2 In their guidance on the Early Years Supplementary Grant, the DfE have stated that local authorities must pass on, in full, the grant funding to early years providers. It is expected that the grant conditions, once published, will explicitly state this requirement. In this regard, NYC proposes that the Early Years Supplementary Grant is paid as follows through the payments made to early years providers for the period September 2023 to March 2024:

	Early Years Supplementary Grant	Current 2023/34 NYC Early Years Provider Funding Rate	Effective Combined NYC Early Years Provider Funding Rate
Disadvantaged 2-Year-Olds	£1.85 / hour	£5.64 / hour	£7.49 / hour
3 & 4-Year Olds (Universal Extended Entitlement)	£0.33 / hour	£4.57 / hour	£4.90 / hour
Early Years Pupil Premium	£0.04 / hour	£0.62 / hour	£0.66 / hour
Disability Access Funding	£30.92* / eligible child	£828 / eligible child	£858.92 / eligible child
Maintained Nursery School Supplementary Grant (3 & 4-year-old universal hours only)	£0.21 / hour	£3.80 / hour	£4.01 / hour

*Part year funding allocation for September 2023 to March 2024

- 4.3 The stated expectation of the DfE is that local authorities seek to promptly start paying the grant funding in the Autumn 2023 term. The profile and the publicity associated with the announcement of the Early Years Supplementary Grant has also created this expectation within the early years sector. It is proposed that NYC commences the payment of the additional grant to the early years sector through the monthly payment made to early years providers in September. The feedback from the majority of other local authorities in the Yorkshire & Humber region is that this is also the approach that will be adopted. Whilst it is acknowledged that the grant funding conditions will not have been received at the point that the September monthly payment is required to be processed, it is deemed that any risk associated with this approach is low given the guidance that the DfE have published to date.
- 4.4 The Early Years Supplementary Grant funding paid to providers will be based on the hours claimed through the Autumn 2023 and Spring 2024 termly headcount submissions. The final Early Years Supplementary Grant funding allocation to the local authority will be based on the January 2024 early years' census data and will provide funding for a 7-month period. The DfE use this methodology to provide an average funding level across the two terms. The final overall position of the grant funding compared to the payments made to providers may result in a small under or overspend on the funding allocation. It is expected that the grant conditions will specify how any variance is managed. The local authority does retain an Early Years DSG Reserve contingency which could be utilised in the event of an overspend position on the Early Years Supplementary Grant as at 31 March 2024.

5.0 ALTERNATIVE OPTIONS CONSIDERED

- 5.1 Consideration has been given to delaying the payment of the Early Years Supplementary Grant until after the detailed grant conditions have been received from the DfE in September. This would result in the payment of the grant to early years providers being delayed until October or November. This approach would not:
- Deliver the stated expectation of the DfE that local authorities seek to promptly start paying the grant funding in the Autumn 2023 term.
 - Meet the expectations of the early years sector resulting from the DfE announcement of the additional grant funding.
 - Reflect the approach adopted by the majority of other local authorities in the region

6.0 IMPACT ON OTHER SERVICES/ORGANISATIONS

6.1 The prompt payment of the Early Years Supplementary Grant funding will provide financial benefit to the early years sector within North Yorkshire.

7.0 FINANCIAL IMPLICATIONS

7.1 Subject to the publication of the detailed grant conditions, any overspend on the Early Years Supplementary Grant will be funded from the Early Years DSG Reserve contingency. There is no direct impact on the Council's budget.

8.0 LEGAL IMPLICATIONS

8.1 No specific legal implications are identified as a result of the recommendations contained within this report.

9.0 EQUALITIES IMPLICATIONS

9.1 An Equalities Impact Assessment form is attached at Appendix A. No specific equalities implications have been identified with the proposals

10.0 CLIMATE CHANGE IMPLICATIONS

10.1 Climate Change Impact Assessments (CCIA) have been completed in respect of the proposals contained within this report. There are no specific climate change implications identified with the proposals.

11.0 REASONS FOR RECOMMENDATIONS

11.1 The report recommendations are made to:

- Comply with grant acceptance requirements of the North Yorkshire Council Financial Procedure Rules
- Provide prompt payment of the Early Years Supplementary Grant, with the associated financial benefit, to the early years sector within North Yorkshire.

12.0 RECOMMENDATION(S)

The Executive is asked to:

- i. Provide approval for the acceptance of the Early Years Supplementary Grant which is scheduled to be received in September 2023 with the initial grant funding allocation estimated to be £1.8m.
- ii. Provide approval for the Early Years Supplementary Grant to be paid in full to early years providers, as per the DfE requirement, at the funding rates detailed in section 4.2 of this report.
- iii. Provide approval for the payment of the Early Years Supplementary Grant to commence in the local authority monthly payment to early years providers in September 2023. The Executive is asked to note that the payment will be required to be processed in advance of the conditions of grant being received from the DfE.

Stuart Carlton

Corporate Director –Children and Young People’s Service
County Hall
Northallerton

3 August 2023

Report Author – Howard Emmett, Assistant Director - Resources
Presenter of Report – Howard Emmett, Assistant Director - Resources

APPENDICES:

Appendix A – Equalities Impact Assessment

Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions.